

News Release



Robust third quarter 2013 for BASF

■ Third quarter 2013

- Sales €17.7 billion (plus 1.5%)
- EBIT before special items €1.7 billion (plus 15.0%)

■ January – September 2013

- Sales €55.8 billion (plus 3.1%)
- EBIT before special items €5.7 billion (plus 5.9%)

■ Successful business development for Functional Materials & Solutions

■ Outlook for 2013 confirmed: increase in sales and earnings expected; environment to remain challenging

Ludwigshafen, Germany – October 25, 2013 – BASF raised sales in the third quarter of 2013 by 1.5% to around €17.7 billion despite significantly negative currency effects. This growth was mainly the result of increased volumes, particularly in the Oil & Gas segment. Income from operations (EBIT) before special items rose by €221 million to just under €1.7 billion.

“Our business performance was robust in the third quarter of 2013. The increase in earnings was largely due to higher contributions from the Functional Materials & Solutions and Performance Products segments in addition to lower charges in Other,” said Dr. Kurt Bock, Chairman of the Board of Executive Directors of BASF SE.

Compared with the previous third quarter, EBIT rose by €279 million to about €1.7 billion. Income before taxes and minority interests grew by €287 million to €1.5 billion compared with the previous third quarter. Net income rose by €171 million to around €1.1 billion.

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Earnings per share were €1.20 in the third quarter of 2013, compared with €1.01 in the same quarter of 2012.

Outlook for full year 2013 confirmed

The company's expectations for the global economic environment in 2013 remain unchanged:

- Growth of gross domestic product: 2.0%
- Growth in industrial production: 2.7%
- Growth in chemical production: 3.1%
- An average euro/dollar exchange rate of \$1.30 per euro
- An average oil price for the year of \$105 per barrel

Bock: "We do not anticipate an upturn in the global economy for the fourth quarter of 2013. The environment is likely to remain challenging: We anticipate uneven development marked by economic uncertainty. Currency effects will continue to negatively impact sales and earnings in the fourth quarter. Nevertheless, we still aim to exceed the 2012 levels in sales and EBIT before special items."

In addition to innovation-driven acquisitions and investments in its production Verbund, BASF is continuing the restructuring of its portfolio. One focus is on the Performance Products segment where the growth and profitability of some standard products do not yet meet requirements. As announced, a number of measures in the pigments business are being implemented to strengthen competitiveness and sharpen its customer focus. At the same time, as the market leader in pigments, BASF will continue to invest in its production network as well as in research and development.

High operating cash flow

Cash provided by operating activities amounted to around €6.0 billion in the first three quarters of 2013, up by €957 million compared with the same period of 2012. Free cash flow was

€2.9 billion compared with €2.3 billion in the first nine months of the previous year.

Business development in the segments in the third quarter

At €4.2 billion, sales in the **Chemicals** segment were 8% below the level of the third quarter of 2012. Reduced prices dampened sales, especially in the Monomers division. In addition to negative currency effects, lower volumes in all divisions contributed to this sales decrease. EBIT before special items in the segment declined to €527 million compared with €569 million in the previous year's quarter, largely as a result of lower margins for isocyanates in Asia and ammonia.

Sales volumes increased in the **Performance Products** segment. Sales of €3.9 billion were just under the level of the previous year's quarter, mostly due to currency effects. Margins were largely stable. At €376 million, EBIT before special items nevertheless exceeded the level of the third quarter of 2012 by 9%. This was mainly the result of our fixed-cost management.

In the **Functional Materials & Solutions** segment, sales rose by 3% to €4.4 billion compared with the prior third quarter. While the Catalysts and Performance Materials divisions were able to increase sales through higher volumes, sales declined in the Construction Chemicals and Coatings divisions. This was mostly attributable to negative currency effects. Earnings significantly increased in all divisions except Coatings. EBIT before special items for the segment was €300 million compared with €231 million in the third quarter of 2012.

Sales grew in the **Agricultural Solutions** segment despite negative currency effects. As in the third quarter of 2012, sales were again more than €1 billion. Volumes and sales prices were higher in all indications. The acquisition of Becker Underwood, which was completed in November 2012, also contributed to sales growth. Due to increased investments in research and development, production,

and distribution, EBIT before special items of €172 million matched the level of the previous third quarter.

In the **Oil & Gas** segment, sales were up 25% to €3.1 billion thanks primarily to increased volumes in the Natural Gas Trading business sector. Sales rose in the Exploration & Production business sector predominantly as a result of the activities in Norway acquired from Statoil on July 31, 2013. EBIT before special items decreased by 15% to €422 million on account of a volumes-related earnings decline in Libya, higher field abandonment costs as well as a lower contribution from the Natural Gas Trading business sector.

Sales in **Other** were €947 million, about 13% below the third quarter of 2012. By contrast, EBIT before special items improved to minus €105 million as a result of lower charges, including those from the long-term incentive program.

Business development in the regions in the third quarter

Sales for companies headquartered in **Europe** rose by 5%, especially as a result of increased volumes in the Oil & Gas segment. In the Chemicals segment, however, sales declined primarily due to lower volumes and prices. EBIT before special items grew by €61 million to €928 million. This was due to higher contributions from the Performance Products and Functional Materials & Solutions segments as well as improved earnings in Other.

In **North America**, sales increased by 6% in U.S. dollars while remaining stable in euro terms. Negative currency effects put a strain on sales growth in all divisions. This was offset by higher sales volumes, especially in the Catalysts division and in the Agricultural Solutions segment. EBIT before special items increased by €128 million to €355 million, thanks in particular to a higher contribution from the Chemicals segment.

Sales in **Asia Pacific** rose by 4% in local-currency terms, but were down by 4% in euro terms. Higher sales volumes were only partly able to offset the negative currency effects. Lower prices additionally reduced sales in the region. EBIT before special items declined by €14 million to €206 million, especially as a result of reduced margins in the Chemicals segment.

In **South America, Africa, Middle East**, sales rose by 8% in local currency terms, while they fell by 6% in euro terms, largely because of significantly negative currency effects. Higher volumes and prices partly offset this. Thanks to increased earnings in the Oil & Gas segment in Argentina and the successful business with crop protection products, EBIT before special items for the region improved by €46 million to €203 million.

About BASF

BASF is the world's leading chemical company: The Chemical Company. Its portfolio ranges from chemicals, plastics, performance products and crop protection products to oil and gas. We combine economic success with environmental protection and social responsibility. Through science and innovation, we enable our customers in nearly every industry to meet the current and future needs of society. Our products and solutions contribute to conserving resources, ensuring nutrition and improving quality of life. We have summed up this contribution in our corporate purpose: We create chemistry for a sustainable future. BASF had sales of €72.1 billion in 2012 and more than 110,000 employees as of the end of the year. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (AN). Further information on BASF is available on the Internet at www.basf.com.

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